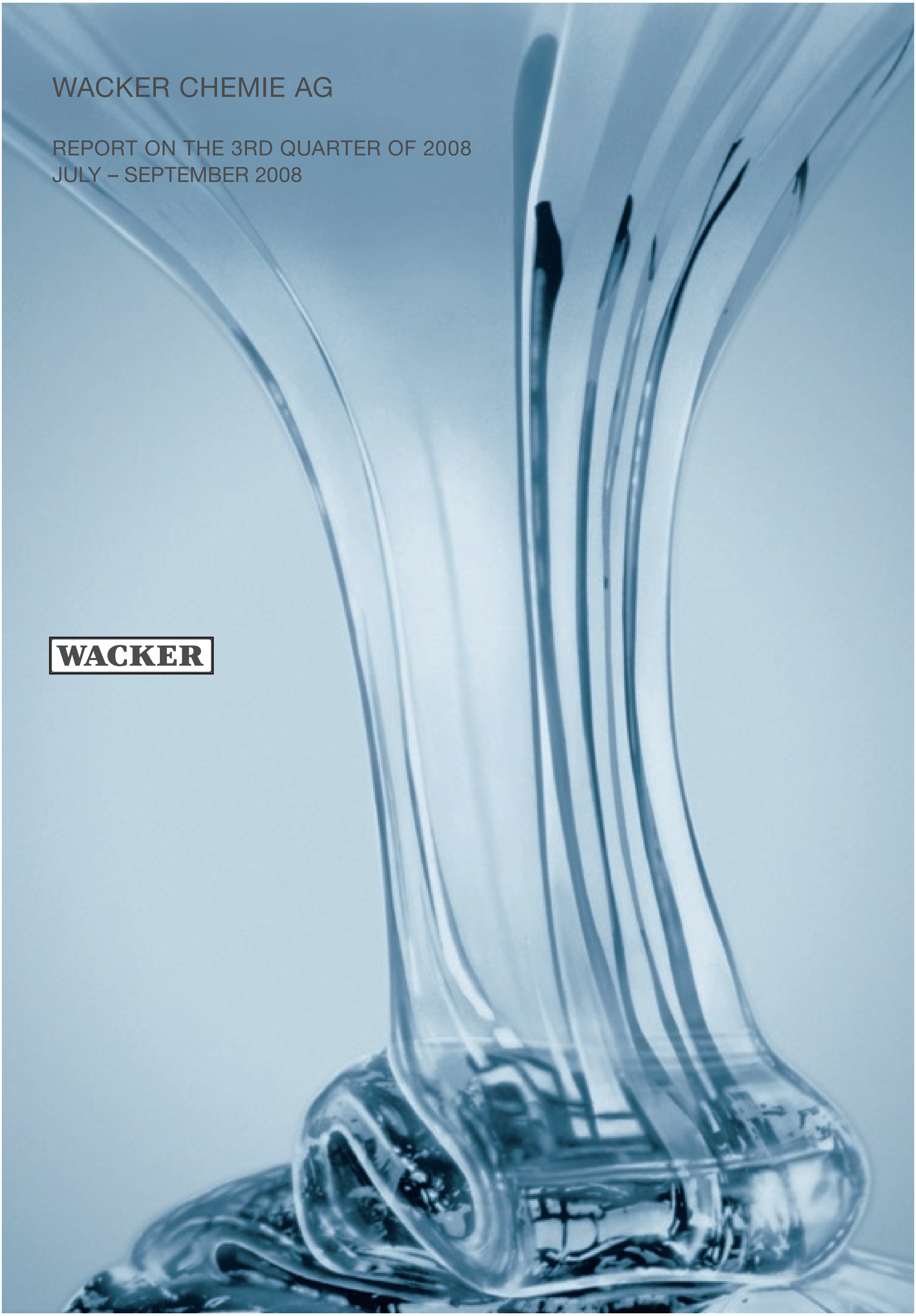
WACKER CHEMIE AG

REPORT ON THE 3RD QUARTER OF 2008
JULY – SEPTEMBER 2008



WACKER

WACKER AT A GLANCE

- IN Q3 2008, GROUP SALES INCREASED 21 PERCENT TO €1.16 BILLION
- EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA) GREW 21 PERCENT TO €328 MILLION IN Q3; EBITDA MARGIN REACHED 28.3 PERCENT
- Q3 EARNINGS PER SHARE ROSE 42 PERCENT YEAR-ON-YEAR TO €3.44
- FULL-YEAR 2008 FORECAST REMAINS UNCHANGED: WACKER EXPECTS SALES GROWTH CLEARLY ABOVE 10 PERCENT AND A HIGHER EBITDA

KEY FIGURES

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
Sales	1,156.9	958.5	21	3,299.4	2,861.2	15
EBITDA[1]	327.5	269.9	21	936.5	796.2	18
EBITDA margin[2]	28.3 %	28.2 %	1	28.4 %	27.8 %	2
EBIT[3]	237.9	186.8	27	661.5	552.9	20
EBIT margin[2]	20.6 %	19.5 %	6	20.0 %	19.3 %	4
Financial result	– 4.6	– 6.1	– 25	– 8.5	– 17.7	– 52
Income before taxes	233.3	180.7	29	653.0	535.2	22
Net income	170.8	120.6	42	454.2	365.1	24
Earnings per share in €	3.44	2.43	42	9.14	7.35	24
Investments (incl. financial assets)	219.3	144.5	52	546.2	416.2	31
Investments in acquisitions	0.0	0.0	n.a.	171.2	0.0	n.a.
Net cash flow	86.0	257.0	– 67	187.5	603.3	– 69

€ million	30.09.2008	30.09.2007	31.12.2007
Equity	2,080.1	1,815.4	1,865.6
Financial liabilities	306.8	293.8	217.8
Provisions for pensions	387.1	363.8	369.2
Net financial debt	– 188.8	– 100.6	– 148.7
Total assets	4,605.1	3,852.3	3,918.1
Employees (number at end of period)	15,843	14,969	15,044

[1] EBITDA is EBIT before depreciation and amortization.
[2] Margins are calculated based on sales.
[3] EBIT is the result from continuing operations for the reporting period before interest and other financial result, limited partnership interests, and income taxes.

PATHS TO SUSTAINABLE GROWTH: INVESTMENT AND INNOVATION

Silicone fluids are extremely versatile. They can be used as lubricants, as release and antifoam agents, and as impregnating agents for textiles and leather (cover).

Nünchritz site: One of the world's biggest and most modern silicone production locations. Over the years, WACKER has invested over half a billion euros there (this page).

PATHS TO SUSTAINABLE GROWTH: INVESTMENT AND INNOVATION

10 YEARS OF WACKER NÜNCHRITZ

PHILOSOPHY: NÜNCHRITZ SECURES ITS LONG-TERM SUCCESS VIA STRONG COMMITMENT AND INTENSIVE PARTNERING WITH CUSTOMERS, SUPPLIERS AND THE COMMUNITY

A decade ago, in October 1998, WACKER acquired the former VEB Chemiewerk in Nünchritz (in the German state of Saxony). Since then, this traditional manufacturing center northwest of Dresden has become a paradigm of success. WACKER has transformed it into one of the world's biggest and most modern silicone production locations, investing over half a billion euros in facilities, infrastructure, environmental protection and safety. At Nünchritz, nearly 1,000 employees manufacture some 120,000 metric tons of siloxane per year. Siloxane is the starting material for numerous silicone products, whose versatility has made them an indispensable part of our everyday lives. What's more, steadily improving living standards in Eastern Europe and Asia are expected to fuel the accelerating demand for silicones. As the WACKER Group's second largest division, WACKER SILICONES – and, naturally, Nünchritz – is poised to benefit from this trend.

Dating back over a century, Nünchritz is one of Germany's longest standing chemical sites. Entrepreneurial chemist Friedrich von Heyden established the chemical plant in the small town on the banks of the Elbe in June 1900. The initial focus was on manufacturing inorganic products such as sulfuric acid, caustic soda, chlorine and hydrochloric acid. In 1940 came the Müller-Rochow synthesis, which paved the way for industrial-scale production of silicones and, consequently, Nünchritz's dynamic rise. Richard Müller, co-inventor of the synthesis, launched the production of silicone at the site in 1954.

After several turbulent years for the plant following German reunification, WACKER acquired it in October 1998. "Right from the start, our aim was to establish Nünchritz as the Group's second mainstay for silicones manufacturing, alongside Burghausen," explains Wacker Chemie AG CEO Rudolf Staudigl. "And we've resolutely implemented that goal." Initially, many of the region's residents were very skeptical about WACKER's plans to modernize and expand the site. After all, reunification had resulted in painfully sharp cutbacks for the facility and its workers.

Today, Nünchritz is one of the world's biggest and most modern silicone production locations. In the past 10 years, WACKER has invested over €550 million there, expanded and modernized production capacity and commissioned numerous new facilities for silicones and their precursors. In 2006, a major highlight was the startup of the second expansion stage of the monomer plant, which produces siloxane, the starting material for silicones. Currently, Nünchritz boasts an annual siloxane capacity of

In addition to a fully-automated cartridge-filling facility for silicone sealants (right photo), the Nünchritz site features its own R&D labs (center photo) and specialized climatic chambers for product development.

View of the cogeneration plant, which converted to environmentally-friendly natural gas in 2006 (left photo).

120,000 metric tons, enough to fill a freight train over 30 kilometers long. And shortly before Nünchritz's 10th anniversary as a WACKER site, two new plants for silicone polymers and sealants went on stream there.

Sustainability and Economic Success Go Hand in Hand at Nünchritz

Alongside production expansion, intensive measures have also been taken to enhance safety and environmental protection. Today, state-of-the-art safety features and a high-tech fire department maximize protection for employees, neighbors and the environment. Plus, the site's quality and environmental management systems have been awarded numerous certifications. On the ecological front, Nünchritz has substantially lowered its solid, liquid and gaseous burdens over the last ten years. "Despite greatly boosted manufacturing volumes since 1998, our site generates only a fraction of its previous specific emissions and solid, liquid or gaseous burdens," explains site manager Gerd Kunkel. "We can noticeably reduce environmental burdens by introducing the newest equipment and continuously improving our processes." Thanks to a whole packet of measures, Nünchritz has, for example, cut its steam and power consumption by 80 and 60 percent respectively compared to 1999. At its power station, energy-efficiency gains in steam generation alone save 75,000 metric tons of carbon dioxide per year.

All the site's manufacturing facilities form a highly integrated production system, which uses the heat and by-products of chemical reactions, as well as auxiliary production materials. That not only protects the environment and conserves resources, it's also essential to Nünchritz's high productivity and efficiency.

Production expansion has steadily increased the number of jobs at the site from 750, when WACKER acquired the location, up to today's 930 employees. Vocational training, too, has received a boost. Some 60 young people are training for chemical and technical careers at the site. Moreover, each new position at WACKER Nünchritz typically spawns two new jobs among regional partner companies, service providers and suppliers. The WACKER Group has thus become the area's largest employer. And that's not all: together with the company's semiconductor plant in Freiberg (the Group's second production site in Saxony), WACKER employs over 2,000 people in the state, and is thus its largest chemical-sector employer.

And future prospects look promising: silicones are so versatile that they permeate almost every area of daily life – whether in autos, electronics, textiles or medical and household products. The global silicones market currently has a volume of some €8 billion. For coming years, analysts foresee further appreciable gains in silicone consumption, particularly in Eastern Europe, South America and Asia. And as the world's third largest silicones manufacturer, WACKER intends to participate in this market growth via continuous product innovation, state-of-the-art process technology, dedicated employees and engineering ingenuity. WACKER's past 10 years of achievements at Nünchritz show what's possible when everyone involved focuses their energy on achieving shared goals.

THE JULY–SEPTEMBER 2008 PERIOD PRODUCED FURTHER GROWTH FOR THE WACKER GROUP. SALES AND EARNINGS EXPERIENCED DOUBLE-DIGIT INCREASES. FOR THE FULL YEAR, WE CONTINUE TO EXPECT SALES GROWTH OF WELL OVER 10 PERCENT AND HIGHER OPERATING RESULTS THAN IN THE PREVIOUS YEAR. YOU'LL FIND THE SPECIFICS OF HOW OUR BUSINESS DEVELOPED OVER THE PAST THREE MONTHS IN THIS REPORT ON WACKER CHEMIE AG'S 3RD QUARTER OF 2008.

REPORT ON THE 3RD QUARTER

REPORT ON THE 3RD QUARTER 2008

DEAR SHAREHOLDERS,

In Q3 2008, the WACKER Group once again achieved significantly higher sales and earnings compared to the prior-year period – despite increasingly challenging market conditions. Nevertheless, our chemical divisions were impacted by the first signs of a weakening economy. This was particularly apparent in lower demand for construction-industry products. Siltronic's semiconductor business experienced slowing sales volumes, too, accompanied by wafer price pressure. Energy and raw-material costs in the third-quarter were higher compared to the prior-year period, as was the euro/dollar exchange rate. These factors lowered some segments' margins – which were, however, more than offset by strong polysilicon-sector performance. In difficult times WACKER's emphasis on production-process leadership, product innovation, high quality, close collaboration with partners and customer proximity – across all its business fields becomes even more important We counter higher energy and raw-material costs by boosting productivity. And the company's strategic investments have helped reinforce its global competitive position in key markets and regions to such an extent that it expects to continue its growth course – even in the face of a worsening economy.

STATE OF THE GLOBAL ECONOMY: FINANCIAL MARKET TURBULENCE REACHES THE REAL ECONOMY

On the heels of a weak second quarter, the global economy continued to deteriorate in Q3 2008. Triggered by America's subprime crisis, the turmoil in global financial markets has not only sparked dramatic share-price drops over the past few weeks, but also increasingly impaired global economic growth in many sectors.

As a result, the International Monetary Fund (IMF) significantly downgraded its growth forecast for all major economies in early October. The IMF now expects global growth of just 3.9 percent for all of 2008 (following 5 percent in 2007) – with a further drop to 3.0 percent in 2009.[1] Analysts see this slowdown as stemming not only from financial-market turbulence, but also from persistently high energy and consumer-goods prices that continue to restrain investment activity and private consumption. Moreover, all major economies are burdened by the banking crisis' resultant liquidity crunch. Overall, the IMF sees the leading economic countries on the verge of recession, which is expected to end, at the earliest, in the second half of 2009.

The emerging economies of Asia and Eastern Europe need to prepare for, at best, slower growth. In China, for example, the IMF expects growth to ease from 11.9 percent in 2007 to 9.7 percent in 2008, and to 9.3 percent in 2009.

America's economic trajectory continues to contain significant uncertainties. Whereas real GDP grew by 2.8 percent in Q2 2008, the IMF sees only 1.6 percent growth for all of 2008 and just 0.1 percent for 2009.

For the eurozone, the IMF expects real GDP growth of 1.3 and 0.2 percent in 2008 and 2009, respectively, following 2.6 percent in 2007. The IMF sees continued high oil prices and increasingly challenging financial headwinds as the main factors behind the weakening economic outlook.

[1] International Monetary Fund, World Economic Outlook October 2008: Financial Stress, Downturns and Recoveries, Washington, October 8, 2008

In its current joint fall forecast, the joint forecast of German economic experts working group considers Germany to be on the verge of a recession.[2] Whereas its real GDP in the first half grew 2.5 percent year-on-year, experts expect barely 1 percent growth in the second half of 2008. German GDP is set to advance 1.8 percent for overall 2008 and 0.2 percent in 2009.

As a result, the country's chemical industry is set for a pause in growth according to the German chemical industry association (VCI).[3] Hampered by global economic conditions and restrained foreign and domestic demand for chemical products, chemical-manufacturing growth in Germany slowed to 0.4 percent in Q2 2008. For all of 2008, the VCI expects chemical production to increase just 1 percent. With producer prices up 3.5 percent for the sector on average, German chemical industry sales should grow 4.5 percent in 2008.

The global silicon-wafer market by surface-area-sold continued to rise in Q3 2008. According to the Gartner Group, sales gained 5 percent compared to the prior-year period.[4] Against the preceding quarter, however, sales remained about the same, and a decline is expected heading into Q1 2009. Gartner therefore predicts market growth of just 4.2 percent for all of 2008.[4]

THE GROUP'S SALES AND EARNINGS TRENDS: WACKER CONTINUES ITS GROWTH COURSE DESPITE CHALLENGING ECONOMIC HEADWINDS

WACKER achieved Q3 2008 sales of €1,156.9 million (Q3 2007: €958.5m) – a year-on-year gain of 21 percent. In the first nine months of 2008, Group sales surpassed the three-billion-euro mark for the first time ever, at €3.30 billion (2007: €2.86bn) – a rise of 15 percent. Compared to Q2 2008 (€1.12bn), Group sales rose 3 percent. Thus, WACKER remains firmly on its growth course despite challenging economic headwinds.

Sales growth was driven by higher production, sales volumes and product-mix effects amounting to 20 percent in the reporting period. Advantageous price effects contributed some 6 percent. However, varying market conditions across our individual business divisions led to differentiated development of product prices. Whereas sluggish demand significantly hampered WACKER POLYMERS' ability to pass on higher energy and raw-material costs through price increases, WACKER POLYSILICON was able to both increase prices and obtain markedly higher volumes compared to the prior-year period.

Exchange-rate effects had a negative impact of 5 percent in the reporting period and particularly affected the sales trends of Siltronic and WACKER SILICONES. In total, WACKER invoiced around a third of its Q3 2008 Group sales in US dollars.

[2] Working group of German economic experts (Projektgruppe Gemeinschaftsdiagnose) Fall 2008, Kiel, October 2008
[3] German chemical industry association (VCI), Report about economic situation in 2nd quarter 2008, Frankfurt, September 17, 2008
[4] Gartner Dataquest Market Statistics, Demand for Silicon Wafers Worldwide 2006-2012, October 2008

WACKER POLYSILICON REMAINS GROWTH LEADER, WACKER SILICONES AND SILTRONIC AGAIN THE TOP SALES CONTRIBUTORS

Q3 2008 sales growth for the WACKER Group was once again primarily generated by WACKER POLYSILICON and WACKER POLYMERS, which posted significantly higher year-on-year sales gains.

WACKER POLYSILICON continued to profit from solid demand for hyperpure polysilicon. In the quarter, the division cleared the 200-million-euro mark for the first time ever on sales of €238.9 million (Q3 2007: €126.0m). This 90 percent increase was partly fueled by the WACKER SCHOTT Solar joint venture – with a double-digit-million contribution via new production capacities at its Jena (Germany) site. For January-September, WACKER POLYSILICON reported sales of €589.0 million (9M 2007: €316.1m) – a year-on-year rise of 86 percent.

WACKER POLYMERS' sales gains primarily reflected its full acquisition of Air Products Polymers activities in Q1 2008. WACKER POLYMERS' year-on-year sales shot up 43 percent to €238.9 million (Q3 2007: €166.5m). The division's cumulative sales for the first three quarters came in at €682.0 million (9M 2007: €482.9m) – a year-on-year increase of 41 percent.

WACKER SILICONES and Siltronic proved their importance as WACKER's key sales drivers in Q3 2008. In the reporting period, WACKER SILICONES generated sales of €370.6 million (Q3 2007: €341.1m) – thus beating the prior-year-period figure by some 9 percent. Gains were primarily attributable to higher sales volumes – particularly in application fields such as electronics, photonics, medical technology and silicone rubber – as well as higher prices. For the first nine months, WACKER SILICONES boosted its sales volumes by 7 percent to €1.11 billion (9M 2007: €1.04bn).

For July–September, Siltronic matched the prior-year period's high level with sales of €359.4 million (Q3 2007: €360.2m). This is Siltronic's third-quarter in a row of sequential sales gains – despite continuing price declines for 200 mm and 300 mm wafers. In the first nine months of 2008, Siltronic posted cumulative sales of €1.06 billion (9M 2007: €1.11bn).

WACKER FINE CHEMICALS' sales totaled €22.7 million in the reporting period (Q3 2007: €24.3m) – down slightly year-on-year, as expected, due to consolidation measures. The current year's first three quarters produced total sales of €74.7 million (9M 2007: €86.9m).

ASIA AND EUROPE AGAIN KEY SALES MARKETS

The regional breakdown of WACKER Group sales remained evenly balanced in Q3 2008. At 30 percent of total sales, Asia was again the most important market, followed by the Americas and Europe (excluding Germany) at some 23 percent each. Germany's Q3 share of Group sales was 21 percent, while Other Regions accounted for 3 percent.

The most significant sales gains year-on-year were seen in the Americas at 62 percent, followed by Germany at 27 percent. In both regions, full consolidation of Air Products Polymers (the former joint venture partner) played a key role in this increase. Q3 2008 sales reached €263.5 million (Q3 2007: €162.6m) in the Americas and €246.2 million (Q3 2007: €193.8m) in Germany.

Polysilicon sales in Asia – mainly to solar companies – and the newly ramped-up production facilities at Zhangjiagang (China) were major catalysts of a 10 percent sales rise to €349.8 million (Q3 2007: €318.2m). In Other Regions, third-quarter sales grew to €35.9 million (Q3 2007: €28.7m) – again of 25 percent.

REGIONAL DISTRIBUTION OF SALES REVENUE IN THE WACKER GROUP

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %	Group sales in Q3 2008 in %
Asia	349.8	318.2	10	1,062.9	938.6	13	30
Europe (excl. Germany)	261.5	255.2	2	788.8	792.5	0	23
Germany	246.2	193.8	27	709.9	542.4	31	21
Americas	263.5	162.6	62	638.2	500.0	28	23
Other regions	35.9	28.7	25	99.6	87.7	14	3
Total Sales	1,156.9	958.5	21	3,299.4	2,861.2	15	100

EBITDA CLIMBS 21 PERCENT DESPITE GROWING PRICE AND COST PRESSURES EBITDA MARGIN IN Q3 STAYS HIGH AT 28 PERCENT

WACKER significantly increased year-on-year earnings in the third-quarter despite difficult economic conditions. Compared to the prior-year period, WACKER boosted EBITDA by 21 percent to €327.5 million (Q3 2007: €269.9m). Cumulative EBITDA for January–September 2008 reached €936.5 million (9M 2007: €796.2m) – thus beating the prior-year figure by 18 percent. At 28.3 percent, the EBITDA margin was virtually unchanged compared to both Q2 2008 (28.3 percent) and Q3 2007 (28.2 percent). January-September 2008's EBITDA margin of 28.4 percent (2007: 27.8 percent) was slightly above the comparable prior-year figure.

The increase in EBIT was even more pronounced. At €237.9 million (Q3 2007: €186.8m), WACKER boosted its EBIT in Q3 2008 by 27 percent. Cumulative EBIT for 2008's first three quarters amounted to €661.5 million (9M 2007: €552.9m) – thus clearly surpassing the prior-year figure by 20 percent.

WACKER POLYSILICON IS LARGEST CONTRIBUTOR TO NET INCOME

WACKER POLYSILICON continued as the Group's main contributor to net earnings in Q3 2008. The division raised its EBITDA by €81.3 million to €130.7 million compared to the prior-year period (Q3 2007: €49.4m). As a result, WACKER POLYSILICON generated an EBITDA margin of 54.7 percent in Q3 2008 – after 39.2 percent in Q3 2007. The first nine months' EBITDA margin was 52.1 percent (9M 2007: 37.2 percent).

Siltronic was once again the second-largest earnings driver this quarter, though its EBITDA of €108.1 million (Q3 2007: €115.0m) was just below the prior-year level. The EBITDA margin was 30.1 percent (Q3 2007: 31.9 percent). In the current year's first nine months, Siltronic achieved an EBITDA margin of 31.6 percent (9M 2007: 33.2 percent).

At €61.0 million, WACKER SILICONES' EBITDA dropped 11 percent compared to the prior-year figure (Q3 2007: €68.3m). Higher sales volumes and prices did not match strong increases in raw-material, energy and transport costs. The third-quarter's EBITDA margin was 16.5 percent (Q3 2007: 20.0 percent).

The EBITDA margin for 2008's first three quarters came in at 16.8 percent (9M 2007: 19.2 percent).

Amid significantly weaker construction-sector demand and higher raw-material and energy costs, WACKER POLYMERS' earnings declined, too. The quarter's EBITDA of €29.3 million (Q3 2007: €32.2m) resulted in an EBITDA margin of 12.3 percent (Q3 2007: 19.3 percent). Reasons for this lower margin include product-mix effects stemming from the acquisition of Air Products' dispersions business. The division posted an EBITDA margin in the current year's first nine months of 15.4 percent (9M 2007: 20.9 percent).

WACKER FINE CHEMICALS successfully grew its year-on-year EBITDA to €2.4 million (Q3 2007: €0.8m) and its EBITDA margin to 10.6 percent (Q3 2007: 3.3 percent). Here, consolidation of fine-chemical and catalog-product activities positively affected profitability. For the nine-month period, the division reported an EBITDA margin of 11.9 percent (9M 2007: 9.4 percent).

EARNINGS PER SHARE CLIMB TO €3.44

In Q3 2008, the Group's net income grew to €170.8 million (Q3 2007: €120.6m) – a gain of 42 percent compared to the prior-year period. As a result, earnings per share rose to €3.44 in the reporting period (Q3 2003: €2.43). For January-September, net income reached €454.2 million (9M 2007: €365.1m) and earnings per share climbed to €9.14 (9M 2007: €7.35).

NET CASH FLOW REMAINS HIGH

WACKER's July-September net cash flow was €86.0 million (9M 2007: €257.0m). The year-on-year decline is largely attributable to significantly higher investments for ongoing Group growth projects. Moreover, the prior-year quarter's high customer prepayments for future polysilicon shipments strongly affected net cash flow.

INVESTMENTS AS A PREREQUISITE FOR CONTINUED PROFITABLE GROWTH

WACKER invested €219.3 million (Q3 2007: €144.5m) in property, plant and equipment, intangible assets and financial assets in the reporting period – an increase of 52 percent. Investments over the first nine months of 2008 climbed 31 percent to €546.2 million (9M 2007: €416.2m).

Following the current fiscal year's numerous site and production-facility ramp-ups, WACKER's growth-related investments in Q3 2008 primarily focused on:

- Polysilicon capacity expansion (Poly 7 and Poly 8) at the Burghausen site
- Continued expansion of siloxane and pyrogenic silica facilities at the Zhangjiagang (China) site
- Ongoing expansion of the new polymer plant in Nanjing (China)

In September, just a few days ahead of the Nünchritz (Germany) silicone production facility's tenth anniversary as a WACKER site, the Group officially commissioned two new production plants there for silicone polymers and sealants.

MORE EMPLOYEES HIRED FOR ADDITIONAL PRODUCTION CAPACITY

In Q3 2008, the number of WACKER employees climbed by 1 percent to 15,843 as per September 30, 2008 (June 30, 2008: 15,769). Compared to the prior year's Q3 closing date (September 30, 2007: 14,969 employees), this is an increase of 6 percent – resulting from additional production capacity ramp-ups and newly consolidated subsidiaries in the 2007/2008 period.

On September 30, 2008, the Group's German sites had 12,071 employees (June 30, 2008: 12,023), whereas international sites accounted for 3,772 employees (June 30, 2008: 3,746).

NEW PROSPECTS FOR SCIENCE AND RESEARCH

In early July 2008, WACKER and the Technical University of Munich (TUM) officially opened a new Institute of Silicon Chemistry as part of WACKER's Chair of Macromolecular Chemistry in Garching, near Munich. WACKER supports the chair (since July 2007) and the institute with €6 million for a period of at least six years. The two facilities conduct research into – and establish new operating areas and applications for – organosilicon chemistry. They also reinforce Munich's standing as a research center and nurture scientific discourse between universities and companies.

In early July 2008, the "Alexander Wacker Innovation Award" was bestowed to three WACKER chemists for their pioneering work in organofunctional silanes and development of silane-curing polymers. Highly reactive alpha-silanes enable production of rapid-curing adhesives and sealants, isocyanate-free construction and installation foams, scratchproof coatings, abrasion-resistant composites and extremely low-tin silicone sealants. Since 2005, WACKER has honored its employees' outstanding R&D work. Named after the company's founder, the €10,000 Alexander Wacker Innovation Award rotates annually between the categories of product innovation, process innovation and basic research.

CONDENSED INCOME STATEMENT
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
Sales	1,156.9	958.5	21	3,299.4	2,861.2	15
Gross profit from sales	365.0	310.4	18	1,030.8	922.5	12
Selling, R&D and general administrative expenses	–125.7	–121.8	3	–379.7	–353.8	7
Other operating income and expenses	7.8	1.4	>100	41.5	–17.0	n.a.
Operating result	247.1	190.0	30	692.6	551.7	26
Income from investments	–9.2	–3.2	>100	–31.1	1.2	n.a.
EBIT (Earnings before interest and taxes)	237.9	186.8	27	661.5	552.9	20
Financial result	–4.6	–6.1	–25	–8.5	–17.7	–52
Income before taxes	233.3	180.7	29	653.0	535.2	22
Income taxes	–62.5	–60.3	4	–199.0	–169.6	17
Net income before minority interests	170.8	120.4	42	454.0	365.6	24
Minority interests	0.0	0.2	–100	0.2	–0.5	n.a.
Net income	170.8	120.6	42	454.2	365.1	24
Earnings per share in €	3.44	2.43	42	9.14	7.35	24
Average number of shares outstanding (weighted)	49,677,983	49,677,983	0	49,677,983	49,677,983	0
Reconciliation to EBITDA in € million						
EBIT	237.9	186.8	27	661.5	552.9	20
Depreciation and amortization	89.6	83.1	8	275.0	243.3	13
EBITDA	327.5	269.9	21	936.5	796.2	18

The WACKER Group's profitability continued its positive trend in the reporting period. Prior-year comparisons, however, are complicated by the inclusion of former APP activities. Effective August 1, 2008, the German APP company was merged into Wacker Chemie AG and the US companies into Wacker Chemical Corporation. Consequently, it is not possible to provide a detailed analysis of how these mergers influenced the cumulative income statement figures. Sales revenues for the first nine months of the current year rose by €438.2 million – an increase of 15 percent. The higher raw-material and energy costs noted in the interim management report caused the cost of goods sold to rise €329.9 million or 17 percent during this period. In turn, gross profit from sales rose by €108.3 million to €1.03 billion – thereby passing the prior-year period figure by 12 percent.

Functional costs (selling, R&D and general administrative expenses) increased by 7 percent. The balance of other operating income and other operating expenses in the reporting period was up €58.5 million compared to the prior-year figure. This balance was primarily influenced by exchange-rate effects due to hedging. In the first nine months of 2008, exchange-rate gains exceeded exchange-rate losses by €35.6 million, whereas the balance thereof from January to September 2007 amounted to €–3.1 million.

During the reporting period, income from investments declined by €32.3 million to €–31.1 million compared to a year earlier. Back then, the Group's share of start-up losses from joint ventures in China (with Dow Corning) and Singapore (with Samsung) was still more than offset by income from investments in APP companies, posted under financial assets. In the period under review, the Group's interest in the APP companies was fully consolidated. This is why their results have been completely included in the income statement. Furthermore, the Group's share of start-up losses in the joint ventures mentioned rose by €20.9 million to €29.8 million.

The interest and other financial result amounted to €–7.6 million for January-September – a year-on-year decline of €3.8 million. Due to the Group's investment position, the interest result rose by €4.0 million, from €–2.2 million (in the prior year) to €1.8 million. In contrast, the other financial result declined by €7.8 million, from €–1.6 million to €–9.4 million. This drop mainly stems from currency-swap expenses and higher pension-plan costs impacting the financial result.

The tax rate in the reporting period was 30.5 percent, following 31.7 percent during the prior-year period. As already noted in the last Q2 report, this is the result of two opposing effects. On the one hand, the tax rate for domestic profits dropped due to Germany's corporate tax reform. On the other hand, Siltronic subsidiaries had benefited from lower deferred taxes in the previous year. Additionally, the high profit share of foreign Siltronic subsidiaries, whose tax-burden is higher than that for domestic profits, is having an impact in the current fiscal year. Contrariwise, the tax position increased in the current fiscal year due to positive deferred tax effects resulting from the purchase of the remaining shares of the WPS companies.

CONDENSED BALANCE SHEET AS OF SEPTEMBER 30, 2008

ASSETS

€ million	Sep. 30, 2008	Sep. 30, 2007	Change in %	Dec. 31, 2007	Change in %
Intangible assets, property, plant and equipment and investment property	2,500.0	2,038.9	23	2,135.0	17
Investments in associates	194.5	126.4	54	196.2	– 1
Other non-current assets	165.4	159.8	4	159.4	4
Non-current assets	**2,859.9**	**2,325.1**	**23**	**2,490.6**	**15**
Inventories	507.9	427.2	19	403.5	26
Trade receivables	584.2	537.3	9	460.6	27
Other current assets	653.1	562.7	16	563.4	16
Current assets	**1,745.2**	**1,527.2**	**14**	**1,427.5**	**22**
Total assets	**4,605.1**	**3,852.3**	**20**	**3,918.1**	**18**

LIABILITIES AND EQUITY

€ million	Sep. 30, 2008	Sep. 30, 2007	Change in %	Dec. 31, 2007	Change in %
Equity	**2,080.1**	**1,815.4**	**15**	**1,865.6**	**11**
Minority interests in limited partnership capital	0.0	31.4	– 100	32.6	– 100
Provisions	644.7	599.4	8	614.2	5
Financial liabilities	169.8	236.2	– 28	164.2	3
Other liabilities	812.2	586.8	38	649.9	25
thereof payments received	722.7	550.5	31	604.7	20
Non-current liabilities	**1,626.7**	**1,453.8**	**12**	**1,460.9**	**11**
Financial liabilities	137.0	57.6	>100	53.6	>100
Trade liabilities	309.3	211.3	46	241.8	28
Other current provisions and liabilities	452.0	314.2	44	296.2	53
Current liabilities	**898.3**	**583.1**	**54**	**591.6**	**52**
Liabilities	**2,525.0**	**2,036.9**	**24**	**2,052.5**	**23**
Total liabilities and equity	**4,605.1**	**3,852.3**	**20**	**3,918.1**	**18**

Compared to December 31, 2007, total assets rose by €687.0 million or 18 percent, largely due to expansion of the scope of consolidation via the complete acquisition of APP subsidiaries' remaining shares. The increase impacted both non-current and current assets to a virtually identical extent. In the case of non-current assets – which rose €369.3 million to €2.86 billion – the largest increase was for property, plant and equipment, which climbed by €355.5 million to €2.48 billion as a result of expansion-related investments and asset additions from the acquired APP subsidiaries. Other non-current assets only rose €6.0 million to €165.4 million – the result of two opposing effects. On the one hand, the non-current financial assets listed under this item fell by €58.8 million. The main cause was the disposal of shares in APP subsidiaries – previously posted under financial assets. On the other hand, other non-current assets rose by €43.4 million. The primary factors here were the higher payments in advance associated with increasing business activity at WACKER's joint ventures with SCHOTT Solar. These payments are primarily long-term in nature.

Current assets rose by €317.7 million from €1.43 billion to €1.75 billion – a 22 percent increase. Inventories rose €104.4 million to €507.9 million and trade receivables climbed €123.6 million to €584.2 million. The €89.7 million increase in other current assets stems from balancing out the €39.4 million decline in the other assets contained therein and the €129.1 million increase in cash and cash equivalents. The decline in other assets was mainly due to lower receivables from investment subsidies and lower market values for derivative financial instruments.

Compared to the end of the last fiscal year, equity increased by €214.5 million to €2.08 billion. The equity ratio amounted to 45 percent, which was down 3 percent year-on-year due to the substantial rise in total assets. Two opposing factors were at work for developments in equity. Firstly, dividend payments of €149.3 million and the acquisition of WPS subsidiaries' shares lowered equity – as already mentioned in this year's Q2 report – by €81.5 million. Secondly, the drop in equity, however, was clearly more than offset by January to September's profit of €454.0 million. On balance, currency translation effects and changes in market-value directly recognized in equity from hedge accounting lowered equity by €11.1 million.

Compared to December 31, 2007, liabilities increased by €472.5 million to €2.53 billion. Around a third of this rise was due to non-current and two-thirds to current liabilities, respectively. Other non-current liabilities rose €162.3 million to €812.2 million – primarily resulting from prepayments received. These prepayments contributed a total of €118.0 million to this increase. Plus, higher other liabilities owed to associated companies and higher negative market values for derivatives were posted.

The €306.7 million increase in current liabilities to €898.3 million was due in equal parts to the following items:

- Financial liabilities (increase of €83.4 million, largely due to loans taken out by Chinese subsidiaries)
- Trade liabilities (increase of €67.5 million)
- Provisions reported under other current provisions and liabilities (rise of €71.0 million, particularly from tax provisions relating to increased prepayment tax notices) and the liabilities under this item (rise of €84.8 million, mostly from prepayments received and higher negative market values of derivatives).

In total, financial liabilities amounted to €306.8 million as per the balance-sheet date, thus up €89.0 million compared to December 31, 2007. Cash and cash equivalents exceeded financial liabilities on that date by €188.8 million. This surplus has increased by €40.1 million since the last fiscal year's end.

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008

€ million	9M 2008	9M 2007	Change in %
Net income before minority interests / Net income after taxes	454.0	365.6	24
Depreciation and amortization	275.0	243.3	13
Changes in inventories	– 72.7	– 25.0	> 100
Changes in trade receivables	– 78.1	– 62.6	25
Changes in other assets	– 32.8	12.4	n.a.
Changes in prepayments received and paid	118.4	345.1	– 66
Other non-cash expenses and income	211.8	127.7	66
Cash flow from operating activities (gross cash flow)	875.6	1,006.5	– 13
Investments in acquisitions	– 171.2	0.0	n.a.
Other payments for investments	– 516.9	– 403.2	28
Cash flow from investing activities	– 688.1	– 403.2	71
Net cash flow	187.5	603.3	– 69
Capital contributions from minority interests	2.4	0.0	n.a.
Dividends paid on prior year's result	– 149.3	– 124.5	20
Limited partnership capital drawdown	0.0	– 13.9	– 100
Changes in financial liabilities	86.0	– 112.5	n.a.
Cash flow from financing activities	– 60.9	– 250.9	– 76
Changes in cash due to exchange rate fluctuations	2.5	– 0.9	n.a.
Changes in cash and cash equivalents	129.1	351.5	– 63
At the beginning of the year	366.5	42.9	> 100
At the end of the period	495.6	394.4	26

In the first nine months of 2008, cash flow from operating activities fell 13 percent to €875.6 million, compared to the prior-year period. This was mainly due to lower inflows from prepayments received, which amounted to €118.4 million in the reporting period compared to €345.1 million a year earlier.

Gross cash flow was positively impacted by higher net income of €88.4 million and by liabilities under other non-cash expenses and income. In contrast, higher inventories of €72.7 million and trade receivables of €78.1 million adversely affected cash flow from operating activities.

First-time consolidation effects of including the former APP partner companies per February 1, 2008, were eliminated in the cash flow statement.

Cash flow from investment activities rose in absolute terms by €284.9 million to €–688.1 million, primarily due to payments for the acquisition of the former APP and WPS partner companies. The posted figure of €–171.2 million is the result of offsetting the first-time consolidation of these subsidiaries' cash and cash equivalents against the purchase price. Investment activity was, however, also far higher than in the prior-year period. This caused outgoing payments – balanced with incoming payments from asset sales – to climb €113.7 million to €516.9 million.

Net cash flow resulting from the sum of gross cash flow and cash flow from investing activities was €187.5 million in the reporting period, thus €415.8 million (or 69 percent) below the prior-year period.

The cash flow from financing activities of €– 60.9 million was €190.0 million below the comparable prior-year figure. Whereas the payment of dividends of €149.3 million in 2008 was €24.8 million higher than a year earlier, financial liabilities rose due to loans – particularly for Chinese subsidiaries. As a result, financial liabilities increased €86.0 million adjusted for exchange-rate fluctuations. During the prior-year period, however, these were reduced by €112.5 million.

As a total of the three cash flows described, cash and cash equivalents rose by €129.1 million after adjusting for exchange-rate effects and totaled €495.6 million in the reporting period as per the balance-sheet date.

BUSINESS DIVISION RESULTS
Q3 2008

SALES REVENUE

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
WACKER SILICONES	370.6	341.1	9	1,111.5	1,042.7	7
WACKER POLYMERS	238.9	166.5	43	682.0	482.9	41
WACKER FINE CHEMICALS	22.7	24.3	– 7	74.7	86.9	– 14
WACKER POLYSILICON	238.9	126.0	90	589.0	316.1	86
SILTRONIC	359.4	360.2	0	1,057.2	1,108.4	– 5
Other	65.1	61.5	6	200.3	183.5	9
Consolidation	– 138.7	– 121.1	15	– 415.3	– 359.3	16
Group sales	1,156.9	958.5	21	3,299.4	2,861.2	15

EBIT

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
WACKER SILICONES	40.6	47.9	– 15	124.9	139.1	– 10
WACKER POLYMERS	25.3	27.7	– 9	75.0	88.0	– 15
WACKER FINE CHEMICALS	1.6	– 0.2	n.a.	6.6	3.6	83
WACKER POLYSILICON	112.5	37.4	> 100	259.2	86.3	> 100
SILTRONIC	72.6	78.8	– 8	230.3	262.7	– 12
Other	– 19.5	– 5.6	> 100	– 34.5	– 27.2	27
Consolidation	4.8	0.8	> 100	0.0	0.4	– 100
Group EBIT	237.9	186.8	27	661.5	552.9	20

EBITDA

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
WACKER SILICONES	61.0	68.3	– 11	186.3	200.6	– 7
WACKER POLYMERS	29.3	32.2	– 9	104.7	100.9	4
WACKER FINE CHEMICALS	2.4	0.8	> 100	8.9	8.2	9
WACKER POLYSILICON	130.7	49.4	> 100	306.8	117.7	> 100
SILTRONIC	108.1	115.0	– 6	334.1	368.2	– 9
Other	– 8.8	3.4	n.a.	– 4.3	0.1	n.a.
Consolidation	4.8	0.8	> 100	0.0	0.5	– 100
Group EBITDA	327.5	269.9	21	936.5	796.2	18

WACKER SILICONES
Q3 2008

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
Sales						
External sales	364.7	329.6	11	1,071.0	1,007.4	6
Internal sales	5.9	11.5	– 49	40.5	35.3	15
Total sales	**370.6**	341.1	9	**1,111.5**	1,042.7	7
EBIT	**40.6**	47.9	– 15	**124.9**	139.1	– 10
EBIT margin	11.0 %	14.0 %	– 22	11.2 %	13.3 %	– 16
Depreciation	20.4	20.4	0	61.4	61.5	0
EBITDA	**61.0**	68.3	– 11	**186.3**	200.6	– 7
EBITDA margin	16.5 %	20.0 %	– 18	16.8 %	19.2 %	– 13
Investments	41.6	26.0	60	83.6	73.5	14
	Sep. 30, 2008	June 30, 2008		Sep. 30, 2008	Dec. 31, 2007	
Number of employees	3,924	3,906	0	3,924	3,871	1

In Q3 2008, WACKER SILICONES' total sales climbed nearly 9 percent year-on-year to €370.6 million (Q3 2007: €341.1m), helped by volume gains – particularly from high demand for silicone products in industries such as electronics, photonics, medical technology and silicone rubber. Additionally, the division succeeded in raising prices. Currency exchange rates, on the other hand, negatively impacted sales. WACKER SILICONES generated its highest sales growth rates in regions such as Asia, Eastern Europe and the Middle East. For the USA and Western Europe, business was somewhat more subdued.

Raw-material costs, particularly for methanol and silicon metal, as well as energy and transport expenditures, were significantly higher than in the prior-year period and led to a lower EBITDA of €61.0 million (Q3 2007: €68.3m) – a drop of 11 percent. The EBITDA margin thereby fell to 16.5 percent (Q3 2007: 20.0 percent). To at least partially offset those increased costs, the division introduced further price increases on October 1, 2008.

Investments totaling €41.6 million (Q3 2007: €26.0m) mainly focused on additional Zhangjiagang (China) site expansion. Construction of the new siloxane facility is progressing as planned. Official commissioning of new pyrogenic-silica capacities at WACKER and Dow Corning's joint venture is set for November 2008. In Germany, the Nünchritz silicone facility celebrated its 10th anniversary as a WACKER site in early October 2008. At almost the same time (late September), two new production facilities for silicone polymers and sealants came on stream there.

WACKER SILICONES had 3,924 employees on September 30, 2008 (June 30, 2008: 3,906).

WACKER POLYMERS
Q3 2008

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
Sales						
External sales	237.0	164.1	44	675.6	476.2	42
Internal sales	1.9	2.4	– 21	6.4	6.7	– 4
Total sales	**238.9**	**166.5**	**43**	**682.0**	**482.9**	**41**
EBIT	**25.3**	**27.7**	**– 9**	**75.0**	**88.0**	**– 15**
EBIT margin	10.6 %	16.6 %	– 36	11.0 %	18.2 %	– 40
Depreciation	4.0	4.5	– 11	29.7	12.9	> 100
EBITDA	**29.3**	**32.2**	**– 9**	**104.7**	**100.9**	**4**
EBITDA margin	12.3 %	19.3 %	– 37	15.4 %	20.9 %	– 27
Investments	23.2	10.4	> 100	50.3	30.3	66
	Sep. 30, 2008	June 30, 2008		Sep. 30, 2008	Dec. 31, 2007	
Number of employees	1,564	1,561	0	1,564	1,128	39

WACKER POLYMERS registered total Q3 2008 sales of €238.9 million (Q3 2007: €166.5m). This 44 percent increase compared to the prior-year period was – as in Q2 2008 – due to the full consolidation of dispersion activities fully acquired from Air Products (our former joint venture partner) at the beginning of the year.

The construction-industry downturn – not only in the USA and Europe, but in China, too – impacted global demand for dispersible polymer powder and construction dispersions. Accordingly, Q3 sales volumes for these products fell somewhat against the previous year. The implemented price increases did not fully counter declining demand. WACKER POLYMERS achieved major year-on-year sales increases – particularly in Asia. Thanks to the acquisition of Air Products' dispersion activities, sales also advanced strongly in the USA and Germany. The division's integration of this business into the WACKER Group has meanwhile been successfully completed.

WACKER POLYMERS' profitability was burdened by high raw-material and energy prices, as well as the unfavorable euro/dollar exchange rate. Despite somewhat lower oil prices recently, Q3 2008's costs for ethylene were significantly higher than in the prior-year quarter. The division posted an EBITDA of €29.3 million in the quarter (Q3 2007: €32.2m) – a 9 percent decline. The EBITDA margin dropped from 19.3 percent in the prior-year quarter to a current 12.3 percent.

To offset rising raw-material and energy costs, WACKER POLYMERS initiated a series of measures to enhance productivity. The main focus here is on production optimization to enhance, for example, energy efficiency at the polymer-powder spray dryer. In response to weaker demand, the division is channeling production to its most efficient facilities. Due to the limited growth expectations, WACKER POLYMERS already decided earlier to discontinue production of its PIOLOFORM® brand polymer binders. These activities have since been sold to the Japan-based Kuraray Group effective October 1, 2008. The agreed purchase price was in the low single-digit million range.

WACKER POLYMERS' investments in Q3 2008 amounted to €23.2 million (Q3 2007: €10.4m). Alongside ongoing Nanjing (China) site expansion, spending focused on optimizing existing production facilities.

As of September 30, the number of WACKER POLYMERS employees was 1,564 (June 30, 2008: 1,561).

WACKER FINE CHEMICALS
Q3 2008

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
Sales						
External sales	21.1	21.7	–3	69.5	78.1	–11
Internal sales	1.6	2.6	–38	5.2	8.8	–41
Total sales	**22.7**	**24.3**	**–7**	**74.7**	**86.9**	**–14**
EBIT	**1.6**	**–0.2**	**n.a.**	**6.6**	**3.6**	**83**
EBIT margin	7.0 %	–0.8 %	n.a.	8.8 %	4.1 %	> 100
Depreciation	0.8	1.0	–20	2.3	4.6	–50
EBITDA	**2.4**	**0.8**	**> 100**	**8.9**	**8.2**	**9**
EBITDA margin	10.6 %	3.3 %	> 100	11.9 %	9.4 %	26
Investments	4.4	2.2	100	9.3	6.4	45
	Sep. 30, 2008	June 30, 2008		Sep. 30, 2008	Dec. 31, 2007	
Number of employees	259	250	4	259	245	6

WACKER FINE CHEMICALS posted another year-on-year consolidation-related sales decline, with July-September sales of €22.7 million (Q3 2007: €24.3m). The division profited from strong demand for biotech products such as cyclodextrins and cysteine. For organic fine chemicals, the division succeeded in pushing through higher prices.

Compared to the prior-year period, WACKER FINE CHEMICALS boosted EBITDA in Q3 2008 to €2.4 million (Q3 2007: €0.8m). The Q3 EBITDA margin was 10.6 percent (Q3 2007: 3.3 percent). This tripling of the EBITDA margin was primarily due to success in consolidating chemical activities. The division is the world’s only producer of cysteine made from plant-based raw materials via a fermentative manufacturing process. Strong demand for this unique product quality positively influenced the quarter’s earnings.

In the reporting period, WACKER FINE CHEMICALS invested €4.4 million (Q3 2007: €2.2m) – largely in ongoing expansion of its Jena (Germany) and Eddyville (USA) sites. The division produces proteins in Jena for the pharmaceutical industry and cyclodextrins in Eddyville.

WACKER FINE CHEMICALS had 259 employees on September 30, 2008 (June 30, 2008: 250).

WACKER POLYSILICON
Q3 2008

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
Sales						
External sales	162.0	72.8	> 100	385.5	156.3	> 100
Internal sales	76.9	53.2	45	203.5	159.8	27
Total sales	**238.9**	**126.0**	**90**	**589.0**	**316.1**	**86**
EBIT	**112.5**	**37.4**	**> 100**	**259.2**	**86.3**	**> 100**
EBIT margin	47.1 %	29.7 %	59	44.0 %	27.3 %	61
Depreciation	18.2	12.0	52	47.6	31.4	52
EBITDA	**130.7**	**49.4**	**> 100**	**306.8**	**117.7**	**> 100**
EBITDA margin	54.7 %	39.2 %	40	52.1 %	37.2 %	40
Investments	102.3	61.0	68	264.1	138.4	91
	Sep. 30, 2008	June 30, 2008		Sep. 30, 2008	Dec. 31, 2007	
Number of employees	1,182	1,113	6	1,182	1,003	18

WACKER POLYSILICON continued to profit from strong polysilicon demand in Q3 2008 – crossing the 200 million-euro quarterly sales mark for the first time ever – with total Q3 sales of €238.9 million (Q3 2007: €126.0m). This growth was in part due to double-digit million sales from the WACKER SCHOTT Solar joint venture's new Jena (Germany) facility for producing multicrystalline silicon wafers. The division's 90-percent year-on-year sales increase stems from volume gains enabled by production-capacity expansion, as well as higher prices. The spot market for solar polysilicon remains attractive. Surplus quantities could be sold at continued high average prices in Q3 2008. Since WACKER POLYSILICON focuses chiefly on long-term supply contracts, spot sales did not constitute a particularly large portion of total sales in Q3. Sales growth was particularly strong in Asia and Germany.

WACKER POLYSILICON's EBITDA gain even surpassed sales growth. For the July-September period, the division reported an EBITDA of €130.7 million (Q3 2007: €49.4m) – up 165 percent. The EBITDA margin of 54.7 percent (Q3 2007: 39.2 percent) exceeded both the prior-year and prior-quarter figures (Q2 2008: 54.0 percent). In this regard, WACKER POLYSILICON remained the WACKER Group's top-performing division.

WACKER POLYSILICON's investments of €102.3 million (Q3 2007: €61.0m) in Q3 2008 primarily served to fund ongoing production-capacity expansion for polysilicon at the Burghausen site. Q3 2008 marked the start of "expansion stage 7" production – with nominal capacity scheduled to reach an annual 4,500 metric tons by the end of Q1 2009.

On October 17, 2008 (thus after the reporting period), WACKER announced plans to construct a new polysilicon production plant at its Nünchritz site (Saxony, Germany) with a nominal annual capacity of 10,000 metric tons. The new facility is scheduled to supply its first polysilicon in Q1 2011. Full capacity is planned to be reached by the end of 2011. WACKER has budgeted about €760 million for investment in this expansion. The Group has additionally decided to increase the nominal annual capacity planned for Burghausen's "expansion phase 8" (under construction) from 7,000 to 10,000 metric tons via investments of about €100 million. As planned, "expansion phase 8" should reach full production by the end of 2010. Thanks to these and further ongoing expansion measures, WACKER's polysilicon capacity by year-end 2011 will reach 35,500 metric tons annually, compared to today's 10,000 metric tons.

WACKER POLYSILICON had 1,182 employees on September 30, 2008 (June 30, 2008: 1,113).

SILTRONIC
Q3 2008

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
Sales						
External sales	358.3	358.2	0	1,053.8	1,103.4	– 4
Internal sales	1.1	2.0	– 45	3.4	5.0	– 32
Total sales	**359.4**	360.2	0	**1,057.2**	1,108.4	– 5
EBIT	**72.6**	78.8	– 8	**230.3**	262.7	– 12
EBIT margin	20.2 %	21.9 %	– 8	21.8 %	23.7 %	– 8
Depreciation	35.5	36.2	– 2	103.8	105.5	– 2
EBITDA	**108.1**	115.0	– 6	**334.1**	368.2	– 9
EBITDA margin	30.1 %	31.9 %	– 6	31.6 %	33.2 %	– 5
Investments	27.8	19.7	41	77.6	111.8	– 31
	Sep. 30, 2008	June 30, 2008		Sep. 30, 2008	Dec. 31, 2007	
Number of employees	5,541	5,601	– 1	5,541	5,634	– 2

Siltronic posted total Q3 2008 sales of €359.4 million (Q3 2007: €360.2m), matching the prior-year level. Siltronic's sales grew for the third-quarter in a row despite challenging economic headwinds. Sales by surface-area-sold remained somewhat below the prior-year figure, but were up slightly against Q2 2008. Moreover, falling market prices dampened the sales trend – particularly in the 300 mm wafer segment. As in prior quarters, surplus crystal-pulling capacities are being exploited to sell monocrystals and other materials to the solar industry. This contributes to stabilization of the division's sales. Due to these special transactions, the Americas' regional share in Siltronic's total sales rose significantly compared to the prior year, though Asia (including Japan) continued to constitute the largest sales share.

In the reporting period, Siltronic generated an EBITDA of €108.1 million (Q3 2007: €115.0m), 6 percent lower than a year earlier. This yielded an EBITDA margin of 30.1 percent (Q3 2007: 31.9 percent). Key negative factors for the earnings trend included declining average prices for wafers and the quarter's high average euro/dollar exchange rate. In contrast, sales of silicon monocrystals to the solar industry substantially bolstered Siltronic's profitability. Siltronic countered the continued difficult semiconductor-market conditions via targeted measures to boost productivity and cut costs.

Siltronic's Q3 2008 investments amounted to €27.8 million (Q3 2007: €19.7m). These funds were primarily allocated toward optimizing production facilities at the Freiberg and Burghausen sites.

Siltronic had 5,541 employees on September 30, 2008 (June 30, 2008: 5,601).

OTHER / OUTLOOK
Q3 2008

OTHER
In Q3 2008, sales posted under "Other" totaled €65.1 million (Q3 2007: €61.5m). EBITDA under "Other" reached €– 8.8 percent in the reporting period (Q3 2007: €3.4m).

OUTLOOK
For the full fiscal year, WACKER remains firmly on course to achieve its forecast goals despite the overall economy's uncertainties and risks. The Group's Executive Board therefore reaffirms its full-year 2008 forecast and anticipates sales growth of clearly above 10 percent compared to 2007. EBITDA should increase, too. In making this forecast, the company expects seasonal and demand-related factors to lead to weaker Q4 business, except at WACKER POLYSILICON. In this segment, WACKER anticipates a continued strong performance. Furthermore, we point to our 2007 Annual Report's Management Report, which details the current 2008 fiscal year's opportunities and risks.

We see outstanding long-term growth potential in our product portfolio that we intend to decisively utilize. Next to the continuation and completion of ongoing strategic growth projects, our focus is on the further expansion of production capacities at WACKER POLYSILICON and measures to ensure our semiconductor business's ongoing profitability, as well as continuous optimization of our cost position and capacity utilization in the chemical segments. We view these as key prerequisites for continued long-term profitable growth.

The Executive Board

Munich, November 4, 2008

CONDENSED INTERIM FINANCIAL STATEMENTS OF SEPTEMBER 30, 2008 INCOME STATEMENT

FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008

€ million	Q3 2008	Q3 2007	Change in %	9M 2008	9M 2007	Change in %
Sales	**1,156.9**	958.5	21	**3,299.4**	2,861.2	15
Costs of goods sold	**– 791.9**	– 648.1	22	**– 2,268.6**	– 1,938.7	17
Gross profit from sales	**365.0**	310.4	18	**1,030.8**	922.5	12
Selling expenses	**– 61.2**	– 58.4	5	**– 186.1**	– 171.6	8
Research and development expenses	**– 39.9**	– 39.6	1	**– 117.4**	– 114.7	2
General administrative expenses	**– 24.6**	– 23.8	3	**– 76.2**	– 67.5	13
Other operating income	**81.4**	29.1	> 100	**207.2**	69.9	> 100
Other operating expenses	**– 73.6**	– 27.7	> 100	**– 165.7**	– 86.9	91
Operating result	**247.1**	190.0	30	**692.6**	551.7	26
Income from investments in joint ventures and associates	**– 9.2**	– 3.4	> 100	**– 31.1**	– 7.1	> 100
Other income from participations	**0.0**	0.2	– 100	**0.0**	8.3	– 100
EBIT (Earnings before interest and taxes)	**237.9**	186.8	27	**661.5**	552.9	20
Interest result	**0.3**	– 0.1	n.a.	**1.8**	– 2.2	n.a.
Other financial result	**– 4.9**	– 1.2	> 100	**– 9.4**	– 1.6	> 100
Limited partnership interests	**0.0**	– 4.8	– 100	**– 0.9**	– 13.9	– 94
Income before taxes	**233.3**	180.7	29	**653.0**	535.2	22
Income taxes	**– 62.5**	– 60.3	4	**– 199.0**	– 169.6	17
Net income before minority interests	**170.8**	120.4	42	**454.0**	365.6	24
Minority interests	**0.0**	0.2	– 100	**0.2**	– 0.5	n.a.
Net income attributable to Wacker Chemie AG shareholders	**170.8**	120.6	42	**454.2**	365.1	24
Earnings per share in € (undiluted / diluted)	**3.44**	2.43	42	**9.14**	7.35	24
Average number of shares outstanding (weighted)	**49,677,983**	49,677,983	0	**49,677,983**	49,677,983	0

BALANCE SHEET
AS OF SEPTEMBER 30, 2008

ASSETS

€ million	Sep. 30, 2008	Sep. 30, 2007	Change in %	Dec. 31, 2007	Change in %
Intangible assets	19.6	16.0	22	10.1	94
Property, plant and equipment and investment property	2,480.4	2,022.9	23	2,124.9	17
Investments in associates	194.5	126.4	54	196.2	– 1
Financial assets	11.9	72.0	– 83	70.7	– 83
Other assets	119.1	55.1	> 100	75.7	57
Deferred taxes	34.4	32.7	5	13.0	> 100
Non-current assets	2,859.9	2,325.1	23	2,490.6	15
Inventories	507.9	427.2	19	403.5	26
Trade receivables	584.2	537.3	9	460.6	27
Other assets	157.5	168.3	– 6	196.9	– 20
Cash and cash equivalents	495.6	394.4	26	366.5	35
Currents assets	1,745.2	1,527.2	14	1,427.5	22
Total assets	4,605.1	3,852.3	20	3,918.1	18

LIABILITIES AND EQUITY

€ million	Sep. 30, 2008	Sep. 30, 2007	Change in %	Dec. 31, 2007	Change in %
Subscribed capital	260.8	260.8	0	260.8	0
Capital reserves	157.4	157.4	0	157.4	0
Treasury shares	– 45.1	– 45.1	0	– 45.1	0
Other equity	1,691.8	1,426.4	19	1,477.2	15
Minority interests	15.2	15.9	– 4	15.3	– 1
Equity	2,080.1	1,815.4	15	1,865.6	11
Minority interests in limited partnership capital	0.0	31.4	– 100	32.6	– 100
Provisions for pensions	387.1	363.8	6	369.2	5
Other provisions	257.6	235.6	9	245.0	5
Deferred taxes	42.5	30.6	39	40.4	5
Financial liabilities	169.8	236.2	– 28	164.2	3
Other liabilities	769.7	556.2	38	609.5	26
Non-current liabilities	1,626.7	1,453.8	12	1,460.9	11
Other provisions	108.4	80.7	34	37.4	> 100
Financial liabilities	137.0	57.6	> 100	53.6	> 100
Trade liabilities	309.3	211.3	46	241.8	28
Other liabilities	343.6	233.5	47	258.8	33
Current liabilities	898.3	583.1	54	591.6	52
Liabilities	2,525.0	2,036.9	24	2,052.5	23
Total liabilities and equity	4,605.1	3,852.3	20	3,918.1	18

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2008

€ million	9M 2008	9M 2007	Change in %
Net income before minority interests / Net income after taxes	454.0	365.6	24
Depreciation and amortization	275.0	243.3	13
Changes in provisions	90.0	96.2	– 6
Changes in deferred taxes	– 11.1	– 11.6	– 4
Changes in inventories	– 72.7	– 25.0	> 100
Changes in trade receivables	– 78.1	– 62.6	25
Changes in other assets	– 32.8	12.4	n.a.
Changes in prepayments received and paid	118.4	345.1	– 66
Changes in other liabilities	119.2	21.9	> 100
Other non-cash expenses and income	13.7	21.2	– 35
Cash flow from operating activities (gross cash flow)	875.6	1,006.5	– 13
Payments related to intangibles and property, plant and equipment	– 524.6	– 406.9	29
Proceeds from disposal of intangibles and property, plant and equipment	7.7	3.7	> 100
Investments in acquisitions	– 171.2	0.0	n.a.
Cash flow from investing activities	– 688.1	– 403.2	71
Net cash flow	187.5	603.3	– 69
Capital contributions from minority interests	2.4	0.0	n.a.
Dividends paid on prior year's result	– 149.3	– 124.5	20
Limited partnership capital drawdown	0.0	– 13.9	– 100
Changes in financial liabilities	86.0	– 112.5	n.a.
Cash flow from financing activities	– 60.9	– 250.9	– 76
Changes in cash due to exchange rate fluctuation	2.5	– 0.9	n.a.
Changes in cash and cash equivalents	129.1	351.5	– 63
At beginning of year	366.5	42.9	> 100
At end of period	495.6	394.4	26

STATEMENT OF CHANGES IN EQUITY
Q3 2008

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings/ Net income	Translation adjustment	Direct changes	Minority interests	Total
As per 01.01.2007	260.8	157.4	– 45.1	1,243.5	– 58.5	11.8	15.9	**1,585.8**
Net income				365.1			0.5	365.6
Financial instruments						15.4		15.4
				365.1		15.4	0.5	**381.0**
Dividends paid				– 124.2			– 0.3	– 124.5
Currency translation effects					– 26.7		– 0.2	– 26.9
As per 30.09.2007	260.8	157.4	– 45.1	1,484.4	– 85.2	27.2	15.9	**1,815.4**
As per 01.01.2008	260.8	157.4	– 45.1	1,541.3	– 93.7	29.6	15.3	**1,865.6**
Net income				454.2			– 0.2	454.0
Financial instruments						– 38.5		– 38.5
				454.2		– 38.5	– 0.2	**415.5**
Dividends paid				– 149.0			– 0.3	**– 149.3**
Capital contribution							2.4	**2.4**
Currency translation effects					27.6		– 0.2	27.4
Change from increase in interests				– 79.7			– 1.8	**– 81.5**
As per 30.09.2008	260.8	157.4	– 45.1	1,766.8	– 66.1	– 8.9	15.2	**2,080.1**

NOTES
Q3 2008

ACCOUNTING AND VALUATION METHODS

The Group interim financial statements of Wacker Chemie AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union (on September 30, 2008). The same standards were used for the Group's most recent annual financial statements.

CHANGES IN REPORTING

In these interim financial statements, the balance sheet lists intangible assets separately for the first time. This change is in line with normal German accounting practice.

STATEMENT OF CASH FLOWS

The statement of cash flows herein treats both received and effected prepayments in such a way that the change in prepayments made by consolidated companies to associated companies is reported in the line "Changes in prepayments received and paid" as the change in prepayments received by third parties. This approach reports cash flows relating to our joint ventures with SCHOTT Solar from a Group perspective.

CHANGES IN THE SCOPE OF CONSOLIDATION

Compared to the balance-sheet date as of 2nd Quarter 2008, the scope of consolidation has changed in form through a series of mergers. Effective August 1, 2008, both Wacker Polymers GmbH & Co. KG and Wacker Chemie Holdings GmbH & Co. KG were merged into Wacker Chemie AG. At the same time, Wacker Polymers Holdings, L.P. and Wacker Polymers, L.P. were merged into Wacker Chemical Corporation. As a result, there are three fewer consolidated companies.

Due to additional information about the purchase price allocation, the value of the net assets acquired from the former APP companies has declined by €0.5 million to €175.2 million. As a result, the negative difference under other operating income decreased to €14.3 million.

Additionally, the valuation of the WPS-entities' assets neccessary for tax purposes was virtually finalized in the third quarter. As a consequence, the tax bases for some assets changed and this led to deferred tax assets of €17.8 million. These deferred tax assets were recognized in profit and loss due to IAS 12.65 because the increased tax bases have not been and won't be reflected in the carrying values.

In Q3 2008, Wacker Chemie India Pvt. Ltd. was included in the consolidated financial statements for the first time. This newly founded company had no material impact on the financial position and performance of the WACKER Group.

SEGMENT REPORTING

Please refer to the interim management report for information required on segment reporting.

EXCHANGE RATES

During the reporting period and the previous year, the following EUR/USD exchange rates were used for calculating foreign currency positions and for the financial statements of companies whose functional currency is the USD:

	Due date rate		Average rate	
	Sep. 30, 08	Sep. 30, 07	Q3 2008	Q3 2007
US dollar	1.44	1.42	1.50	1.37

MAJOR EVENTS DURING THE REPORTING PERIOD

The events during the reporting period that are considered significant in terms of impact, nature and frequency are described in the interim management report.

EVENTS AFTER THE BALANCE SHEET DATE

On October 17, 2008, WACKER announced plans to construct a new polysilicon production plant at its Nünchritz site (Saxony, Germany) with a nominal annual capacity of 10,000 metric tons. The new facility is scheduled to supply its first polysilicon in Q1 2011. Full capacity is planned to be reached by the end of 2011. WACKER has budgeted an investment of about €760 million for this expansion. The Group has additionally decided to invest about €100 million to raise the nominal annual capacity planned for Burghausen's "expansion phase 8" (under construction) from 7,000 to 10,000 metric tons. Thanks to these and other ongoing expansion measures, WACKER's polysilicon capacity by year-end 2011 will reach 35,500 metric tons annually, compared to today's 10,000 metric tons.

RESPONSIBILITY STATEMENT

We hereby affirm, to the best of our knowledge and in accordance with the applicable reporting principles for interim reporting, that the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and profit or loss. We also affirm that the Group's interim management report presents a true and fair view of the development and performance of the Group's business and position and also describes the principal opportunities and risks associated with the Group's expected performance in the remainder of the fiscal year.

Munich, November 4, 2008

Wacker Chemie AG

Rudolf Staudigl | Wilhelm Sittenthaler

Joachim Rauhut | Auguste Willems

UPCOMING DATES / INVESTOR RELATIONS / DISCLAIMER

UPCOMING DATES

The Annual Report 2008 is scheduled for publication on March 18, 2009.

The 1st Quarter Report 2009 is scheduled for publication on April 29, 2009.

Annual Shareholder Meeting
on May 8, 2009, ICM, Munich

Capital Market Day
on June 18, 2009, London

The 2nd Quarter Report 2009 is scheduled for publication on July 30, 2009.

The 3rd Quarter Report 2009 is scheduled for publication on November 5, 2009.

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